Technology Stocks Have Delivered Strong Returns In The Current Bull Market

Average Annualized Total Returns (3/9/09-10/10/17)

ISE Cloud Computing Index

Dow Jones Internet Comp. Index

Philadelphia Semiconductor Index

S&P 500 Info. Tech. Index

S&P 500 Index


View from the Observation Deck

1. From 3/9/09-10/10/17 (current bull), all four of the technology-related indices featured in the chart outperformed the S&P 500 Index.

2. The average annualized total returns for the period were as follows: ISE Cloud Computing Index (+30.09%); Dow Jones Internet Composite Index (+28.36%); Philadelphia Semiconductor Index (+26.09%); S&P 500 Information Technology Index (+22.83%); and S&P 500 Index (+19.19%), according to Bloomberg.

3. The so-called "new tech" (cloud computing) subsector posted the best showing since the bull began, followed by the Internet subsector, which happened to be the last major "new tech" wave back in the mid-1990s.

4. As of 9/29/17, Information Technology accounted for 23.2% of the S&P 500 Index, up from 17.84% on 3/9/09, according to S&P Dow Jones Indices and Bespoke Investment Group. It is the most heavily weighted sector in the index, followed by Financials at 14.6%.

5. Year-to-date through 10/10/17, the S&P 500 Information Technology Index posted a total return of 29.70%, compared to 15.73% for the S&P 500 Index, according to Bloomberg. It was the top-performing sector index, followed by the S&P 500 Health Care Index, up 21.48%.

6. Earnings reporting season for Q3’17 is underway. History shows that Information Technology tends to post the largest gains on third-quarter earnings reports, according to CNBC.

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